

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6574**

**BILL NUMBER:** HB 2147

**DATE PREPARED:** Apr 6, 2001

**BILL AMENDED:** Apr 5, 2001

**SUBJECT:** Administrative Rules.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9853

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides that the automatic expiration of an administrative rule on January 1 of the seventh year after the year in which the rule takes effect does not apply to:

- (1) A rule that is required to receive or maintain delegation, primacy, or approval for state implementation or operation of a federal mandated program; or
- (2) A rule that is required to begin or continue federally mandated funding for the implementation or operation of a program.

The bill requires certain boards dealing with environmental issues to have a public comment period and a public hearing concerning the rules that do not automatically expire in the seventh year after the effective date of the rule. The bill requires the board to direct the Department of Environmental Management as to whether additional rulemaking actions must be initiated. The bill requires a state agency to readopt a rule before January 1 of the seventh year after the year in which the rule takes effect. The bill provides that the date for the automatic expiration of an administrative rule is extended each time that the rule is amended and that the rule, as amended, expires on January 1 of the seventh year after the year in which the amendment takes effect.

**Effective Date:** (Amended) Upon passage; July 1, 2001.

**Explanation of State Expenditures:** (Revised) This bill makes two changes to the sunset provisions related to administrative rules.

1) Under current law, as interpreted by the Office of the Attorney General, the majority of the administrative rules in place as of December 13, 1995, will expire on January 1, 2002, even if the rule has been amended during that period. This bill extends the date an amended rule expires to January 1 of the seventh year after the year in which the amendment takes place.

2) The bill also exempts certain environmental rules from the sunset provision if the rule is required for the state to receive or maintain delegation, primacy, or approval for state implementation of a federal program or for the state to receive federal funding. (For rules which are exempted from the sunset provisions by this bill, the Department of Environmental Management and its affected boards are required to solicit comments and hold public hearings to determine if a rule remains in compliance with federal and state laws every seven years. If it is determined that the rule is not in compliance, the concerned agency is required to initiate rule making proceedings.)

To the extent that this bill could reduce the frequency in which agencies are required to develop new rules to replace those which are expired, this bill may reduce the administrative costs of agencies that have the authority to promulgate rules.

**Explanation of State Revenues:** (Revised) This bill could have an impact on state revenue in so far as it exempts rules from the sunset provision if the rule is required to instigate or continue federal funding.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Agencies with rule making authority; Indiana Department of Environmental Management.

**Local Agencies Affected:**

**Information Sources:** Nancy King, Rules Division, Indiana Department of Environmental Management, 232-7694.